

**AMBULANCE SERVICE DISTRICT
No. 1 OF LAFOURCHE PARISH
Cut Off, Louisiana
December 31, 2011
and
December 31, 2010**

Audits of Financial Statements

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AMBULANCE SERVICE DISTRICT NO. 1 OF LAFOURCHE PARISH

MANAGEMENT DISCUSSION AND ANALYSIS

This section of **AMBULANCE SERVICE DISTRICT NO. 1 OF LAFOURCHE PARISH** annual financial report presents background information and management's analysis of the Ambulance District's financial performance during the fiscal year that ended December 31, 2011. Please read it in conjunction with the financial statements in this report.

Financial Highlights

- The Ambulance District's total assets increased by \$261,762 due to an increase in net capital assets.
- During the year, the Ambulance District's total operating revenues decreased \$585,913 from prior year primarily due to the oil spill increasing operating revenues in 2010. The Ambulance District had an increase in operating expenses of \$226,015. The increase in operating expenses was primarily due to an increase in salaries, related benefits, depreciation and insurance expense.
- The Ambulance District increased net assets by \$259,602.
- Net patient service revenue decreased by \$88,618 from the prior year primarily due to the decrease in the number of patient trips.
- Other operating revenue decreased by \$497,295 compared to prior year due to revenues related to the oil spill in the prior year.
- Net capital assets increased by \$405,922 primarily due to the purchase of ambulances.

Overview of the Financial Statements

This financial report consists of four parts: Management's Discussion and Analysis, Basic Financial Statements, and Supplementary Information and various governmental compliance reports and schedules by certified public accountants and management. The Basic financial Statements also include notes to the financial statements, which explain some of the information in the financial statements in more detail.

Required Basic Financial Statements

The Basic Financial Statements of the Ambulance District report information about the Ambulance District using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Statement of Net Assets includes the Ambulance District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Ambulance District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Ambulance District and assessing the liquidity and financial flexibility of the Ambulance District. All of the current year's revenues and expenses are accounted for in the Statement of Revenue, Expenses and Changes in Net Assets. This statement measures the success of the Ambulance District's operations over the past two years and can be used to determine whether the Ambulance District has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Ambulance District's cash from operations, investing and financing activities, and to provide answers to such questions as where did cash come from, what was cash used for and what was the change in cash balance during the reporting period.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Analysis of the Ambulance District

The Statement of Net Assets and the Statement of Revenue, Expenses, and Changes in Net Assets report information about the Ambulance District's activities. These two statements report the net assets of the Ambulance District and changes in them. Increases or decreases in the Ambulance District's net assets are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in the economic conditions, population growth and new or changed government legislation.

Net Assets

A Summary of the Ambulance District's Statement of Net Assets is present in Table 1 below:

**TABLE 1
Statement of Net Assets
(in thousands)**

	<u>December 31,</u>		<u>Dollar</u>	<u>Percentage</u>
	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>Change</u>
Current and Other Assets	\$4,346,132	\$4,490,292	\$(144,160)	(3.21)%
Capital Assets – Net	<u>1,069,041</u>	<u>663,119</u>	<u>405,922</u>	<u>61.21 %</u>
Total Assets	<u>\$5,415,173</u>	<u>\$5,153,411</u>	<u>\$ 261,762</u>	<u>5.08 %</u>
Current Liabilities	\$ 136,331	\$ 134,171	\$ 2,160	1.61 %
Total Liabilities	<u>\$ 136,331</u>	<u>\$ 134,171</u>	<u>\$ 2,160</u>	<u>1.61 %</u>
Net Assets				
Invested in Capital Assets	1,069,041	663,119	405,922	61.21 %
Unrestricted	<u>4,209,801</u>	<u>4,356,121</u>	<u>(146,320)</u>	<u>(3.36) %</u>
Total Net Assets	<u>\$5,278,842</u>	<u>\$5,019,240</u>	<u>\$ 259,602</u>	<u>5.17 %</u>

As can be seen in Table 1, total assets increased from \$5,153,411 to \$5,415,173 in fiscal year 2011. The change in total assets results primarily from an increase in net capital assets.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Revenue, Expenses and Changes in Net Assets

**TABLE 2
Condensed Statements of Revenues, Expenses and Changes in Net Assets**

	Years Ended <u>December 31</u>	
	<u>2011</u>	<u>2010</u>
Net Patient Service Revenue, (Net of Provision for Bad Debts of \$1,614,057 for 2011 and \$1,858,788 for 2010)	\$ 1,264,252	\$1,352,870
Other Revenue, Net	<u>64,977</u>	<u>562,272</u>
Total Operating Revenue	1,329,229	1,915,142
Depreciation	171,500	146,840
Other operating expenses	<u>2,323,299</u>	<u>2,121,944</u>
Total Operating Expenses	2,494,799	2,268,784
Loss From Operations	(1,165,570)	(353,642)
Non-operating Income	<u>1,425,172</u>	<u>1,456,968</u>
Change in Net Assets	259,602	1,103,326
Net Assets – Beginning of Year	<u>5,019,240</u>	<u>3,915,914</u>
Net Assets – End of Year	<u>\$ 5,278,842</u>	<u>\$ 5,019,240</u>

Sources of Revenue

Operating Revenue

During fiscal year 2011, the Ambulance District derived the majority of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payors, who receive ambulance care. As can be seen in Table 3 the number of ambulance trips was down 9.55% from the previous year while Gross Charges Billed decreased 10.38% . There was also a corresponding decrease in the bad debts experienced.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

**MANAGEMENT DISCUSSION AND ANALYSIS
(Continued)**

Other Revenue

Other revenue includes revenues from cooperative endeavor agreements with the Lafourche Parish Government and the Tenth Ward Veterans District. The details of these agreements are included in the footnotes to the financial statements.

Non-operating Revenue

The majority of Non-operating revenue is from millage (Ad valorem) taxes received by the district. The district received millage (Ad valorem) taxes of \$1,400,981 in 2011 and \$1,399,391 in 2010 net of assessor's fees of \$44,834 in 2011 and \$44,820 in 2010. The district also receives revenue sharing of approximately \$10,000 per year and has investment income from its investments which consisted mainly of money market accounts throughout the year.

Operating Expenses

Operating expenses increased due to an increase in salaries, related benefits, depreciation and insurance.

Table 3 presents the gross charges billed for patient services and the number of ambulance trips for the fiscal years ended December 31, 2011 and 2010.

**TABLE 3
Gross Charges Billed and Ambulance Trips**

	Year Ended	
	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Gross Charges Billed	\$2,878,309	\$3,211,658
Number of Trips	3,543	3,917

Summary of Cash Flows

**TABLE 4
Condensed Statements of Cash Flows**

	Year Ended	
	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents Provided By (Used In)		
Operating Activities	\$(693,351)	\$(42)
Non-capital Financing Activities	1,333,185	1,174,288
Capital and Related Financing Activities	(595,885)	(34,221)
Investing Activities	<u>3,427</u>	<u>16,294</u>
Net Increase(Decrease) in Cash and Cash Equivalents	47,376	1,156,319
Cash and Cash Equivalents		
Beginning of Year	<u>2,430,744</u>	<u>1,274,425</u>
End of Year	<u>\$2,478,120</u>	<u>\$2,430,744</u>

AMBULANCE SERVICE DISTRICT NO. 1 OF LAFOURCHE PARISH

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Assets

The Ambulance District's capital assets activities are included in Table 4 below:

TABLE 5
Capital Assets

	December 31 <u>2011</u>	December 31 <u>2010</u>	Dollar <u>Change</u>	Percentage <u>Change</u>
Land	\$ 112,600	---	\$ 112,600	100.00%
Buildings	576,681	495,955	80,726	16.28 %
Vehicles (Ambulances)	662,355	466,287	196,068	42.05 %
Furniture and Equipment	155,102	141,720	13,382	9.44 %
Medical Equipment	397,391	346,848	50,543	14.57 %
Communication Equipment	112,746	111,545	1,201	1.08 %
Other Equipment	<u>100,079</u>	<u>99,081</u>	<u>998</u>	<u>1.01 %</u>
	2,116,954	1,661,436	455,518	27.42%
Accumulated Depreciation	<u>1,047,913</u>	<u>998,317</u>	<u>49,596</u>	<u>4.97 %</u>
Net Capital Assets	<u>\$1,069,041</u>	<u>\$ 663,119</u>	<u>\$ 405,922</u>	<u>61.21%</u>

Major capital asset events during the current fiscal year included the following:

- The district purchased \$50,543 of various medical equipment.
- The district purchased \$14,380 of various other equipment.
- The district purchased \$1,201 of communication equipment.
- The district replaced three ambulances with new units for a net increase of \$196,068.
- The district purchased land for \$112,600.
- The district constructed building improvements of \$80,726.

Economic Factors and Next Year's Budgets and Rates

The district's Board of Directors and management considered the following factors and indicators when setting next year's budget, rates and fees. These factors and indicators include:

- The Economy
- Changes in Medicare Regulations
- Changes in Medicaid Regulations
- Changes in Health Care Industry
- Millage Rate
- Fee Schedule
- Recent Healthcare Legislation

The tax revenues are expected to increase slightly from the prior year. Net patient service should remain steady. The district does not expect any significant variances for its other revenues or expenses. Normal increases are expected for insurance, salaries and related benefits.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

MANAGEMENT DISCUSSION AND ANALYSIS

Contacting the District's Financial Manager

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact District Administration:

Ambulance Service District No. 1 of Lafourche Parish
17078 West Main Street
Cut Off, LA 70345

A PROFESSIONAL CORPORATION

P.O. Box 965

LAROSE, LA 70373

Board of Commissioners
Ambulance Service District No. 1
of Lafourche Parish

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of the business-type activities of **Ambulance Service District No. 1 of Lafourche Parish**, component unit of the Lafourche Parish Council, as of and for the years ended December 31, 2011 and December 31, 2010, which collectively comprise the Ambulance District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of **Ambulance Service District No. 1 of Lafourche Parish's** management. My responsibility is to express opinions on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of **Ambulance Service District No. 1 of Lafourche Parish** as of December 31, 2011 and December 31, 2010, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT

(Continued)

In accordance with *Government Auditing Standards*, I have also issued my report dated May 6, 2012 on my consideration of **Ambulance Service District No. 1 of Lafourche Parish** internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through vi be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquires, the basic financial statements, and other knowledge I obtained during my audits of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Ambulance Service District No. 1 of Lafourche Parish's** financial statements as a whole. The accompanying supplementary information such as the Board Members Per Diem, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The Board Members Per Diem is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Aldon G. Wahl, Jr.
Certified Public Accountant

May 6, 2012

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

STATEMENT OF NET ASSETS

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,487,120	\$ 2,430,744
Investments	236,531	223,991
Patients accounts receivable, less allowance for doubtful accounts of \$588,323 and \$820,473 respectively	194,426	265,868
Millage tax receivable, less allowance for doubtful accounts of \$28,020 and \$20,991 respectively	1,372,961	1,378,401
Other accounts receivables, less allowance for doubtful accounts of \$ 0 and \$ 0 respectively	12,547	153,086
Prepaid expenses	<u>42,497</u>	<u>38,152</u>
Total current assets	<u>4,346,082</u>	<u>4,490,242</u>
NON CURRENT ASSETS		
CAPITAL ASSETS		
Capital assets, net	<u>1,069,041</u>	<u>663,119</u>
OTHER ASSETS	<u>50</u>	<u>50</u>
Total noncurrent assets	<u>1,069,091</u>	<u>663,169</u>
Total assets	<u>\$ 5,415,173</u>	<u>\$ 5,153,411</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 13,573	\$ 9,063
Accrued vacation and sick pay	120,900	122,251
Payroll liabilities payable	<u>1,858</u>	<u>2,857</u>
Total current liabilities	<u>136,331</u>	<u>134,171</u>
Total liabilities	<u>136,331</u>	<u>134,171</u>
<u>NET ASSETS</u>		
Invested in capital assets	1,069,041	663,119
Unrestricted	<u>4,209,801</u>	<u>4,356,121</u>
Total net assets	<u>\$ 5,278,842</u>	<u>\$ 5,019,240</u>

The accompany notes are an integral part of these financial statements.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS**

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
<u>NET PATIENT SERVICE REVENUE</u> , Net		
of Provision for Bad Debts of \$1,614,057 for 2011		
and \$1,858,788 for 2010	\$ 1,264,252	\$ 1,352,870
<u>OTHER OPERATING REVENUE</u>	<u>64,977</u>	<u>562,272</u>
Total operating revenues	<u>1,329,229</u>	<u>1,915,142</u>
<u>OPERATING EXPENSES:</u>		
Contractual services	39,202	37,506
Depreciation	171,500	146,840
Fuel	71,229	63,526
Insurance - general	206,546	179,449
Insurance - medical	141,745	123,497
Medical supplies	59,415	62,101
Miscellaneous expenses	15,704	12,397
Office and general supplies	20,806	18,578
Payroll taxes and retirement	167,686	153,071
Postage	6,027	7,036
Professional fees	6,698	4,523
Repairs and maintenance	72,418	64,745
Salaries	1,463,113	1,350,990
Telephone	18,245	15,248
Tower expense	6,888	6,687
Uniforms	9,045	4,824
Utilities	<u>18,532</u>	<u>17,766</u>
Total operating expenses	<u>2,494,799</u>	<u>2,268,784</u>
Operating income (loss)	<u>(1,165,570)</u>	<u>(353,642)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>		
Millage tax, net of assessor's fees		
of \$44,834 in 2011 and \$44,820 in 2010	1,400,981	1,399,391
Revenue sharing	10,557	10,565
Investment income	15,967	23,970
Miscellaneous Income	16,130	23,042
Loss from disposal of capital assets	<u>(18,463)</u>	<u> </u>
Total nonoperating revenue (expenses)	<u>1,425,172</u>	<u>1,456,968</u>
Change in net assets	259,602	1,103,326
<u>NET ASSETS, BEGINNING OF YEAR</u>	<u>5,019,240</u>	<u>3,915,914</u>
<u>NET ASSETS, END OF YEAR</u>	<u>\$ 5,278,842</u>	<u>\$ 5,019,240</u>

The accompany notes are an integral part of these financial statements.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

STATEMENTS OF CASH FLOWS

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from patients and third-party payors	\$1,632,133	\$ 2,115,512
Cash payments to employees for services and benefits	(1,774,894)	(1,618,587)
Cash payments to suppliers of goods and services	(550,590)	(496,967)
Net cash used in operating activities	(693,351)	(42)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Millage tax	1,322,628	1,167,244
Revenue sharing	10,557	7,044
Net cash provided by non-capital financing activities	1,333,185	1,174,288
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(607,885)	(44,421)
Proceeds Sale of Capital assets	12,000	10,200
Net cash used for capital and related financing activities	(595,885)	(34,221)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Purchase of investment securities	(12,540)	(8,976)
Investment Income	15,967	25,270
Net cash provided by (used in) investing activities	3,427	16,294
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	47,376	1,156,319
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	2,430,744	1,274,425
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$2,478,120</u>	<u>\$ 2,430,744</u>

The accompany notes are an integral part of these financial statements.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

**STATEMENTS OF CASH FLOWS
(Continued)**

	<u>December 31,</u> <u>2011</u>	<u>2010</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$(1,165,570)	\$ (353,642)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	171,500	146,840
Provision for uncollectible accounts	1,614,057	1,858,788
Loss disposal of assets	18,463	(10,200)
Changes in assets and liabilities:		
(Increase) decrease in receivables	(1,329,616)	(1,648,218)
(Increase) decrease in prepaid expenses	(4,345)	(3,655)
Increase (decrease) in accounts payable	4,510	1,074
Increase (decrease) in accrued vacation and sick pay	(1,351)	6,616
Increase (decrease) in payroll liabilities payable	(999)	2,355
Net cash provided by (used in) operating activities	<u>(693,351)</u>	<u>(42)</u>
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	<u>\$ -</u>	<u>\$ -</u>

The accompany notes are an integral part of these financial statements.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

Ambulance Service District No. 1 of Lafourche Parish was created by the Police Jury of the Parish of Lafourche on November 22, 1978. The district serves the area of Lafourche Parish served by Hospital Service District No. 1 of Lafourche Parish (Tenth Ward of Lafourche Parish). The Ambulance District was created to own and operate ambulances for the care and transportation of persons suffering from illness, injury or disabilities which require ambulance care.

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Government Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Parish to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish.
2. Organizations for which the Parish does not appoint a voting majority but are fiscally dependent on the Parish.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Lafourche Parish Council appoints all members of the district's governing board it has the ability to impose its will on the District, and therefore the Ambulance District was determined to be a component unit of Lafourche Parish. The accompanying basic financial statements present information only on the funds maintained by the Ambulance District and do not present information on Lafourche Parish, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

The district has reviewed all of its activities and determined that there are no potential component units which should be included in the financial statements.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING STANDARDS

The financial statements of the **Ambulance Service District No. 1 of Lafourche Parish** have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the district has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

PROPRIETARY FUND ACCOUNTING

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The two types of proprietary funds are enterprise and internal service funds. The District's fund is a enterprise fund.

ENTERPRISE FUNDS

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

BASIS OF ACCOUNTING

Basis of Accounting refers to when revenues and expenditures (or expenses) are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accrual basis of accounting is followed in recording revenues and expenses by the district. Under the accrual basis of accounting revenues are recognized when they are earned and expenses are recognized when incurred.

REVENUES

Ad valorem taxes are recognized in the year the taxes are levied. Net patient revenues (ambulance charges) and services provided under cooperative endeavor agreements are recognized when the services are rendered.

EXPENSES

Expenses are recognized when the related liability is incurred.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CAPITAL ASSETS-PROPERTY, PLANT AND EQUIPMENT

Property plant and equipment are recorded at cost. Donated equipment is recorded at fair value at the date of donation, which is then treated as cost. Depreciation is computed under the straight-line method of depreciation based on the estimated useful lives of the individual assets. Depreciation is charged as an expense to operations. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed as incurred. Major replacements and improvements are capitalized at cost.

For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of ambulance care services are reported as operating revenues and expenses. Peripheral or incidental transactions are reported as non-operating income and expense.

NET ASSETS

Net assets represent the difference between assets and liabilities. Net asset classifications are defined as follows:

Net Assets Invested in Capital Assets, Net of Related Debt – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds. The district had no debt at December 31, 2011 and December 31, 2010.

Restricted Net Assets - Net assets are reported as restricted when there are limitations imposed on their use, either through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt,” as described above.

The district first applies restricted resources when expenditures are incurred for purposes for which both restricted and unrestricted net assets are available. The district had no restricted net assets at December 31, 2011 and December 31, 2010.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND INVESTMENTS

Cash includes demand deposits, money market accounts and certificates of deposit in banks with a maturity of 90 days or less at purchase and are recorded at cost plus accrued interest which approximates market value.

Investments with a original maturities in excess of 90 days (including certificates of deposits) are classified as investments. If the original maturity is 90 days or less they are classified as cash equivalents. Investments are stated at fair market value. Interest, dividends, and gains and losses, both realized and unrealized, on investments are included in non-operating revenue when earned.

Investments in debt and equity securities are carried at fair value except for investments in debt securities with maturities of less than one year at the time of purchase. These investments are reported at amortized cost, which approximates fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating income when earned.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana or any other federally insured investments, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, money market accounts and investments with an original maturity of three months or less to be cash equivalents.

REVENUE RECOGNITION - PROPERTY TAXES

Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February. Ad valorem taxes (which are based on population and homesteads in the parish) are recorded in the year the taxes are levied. The Lafourche Parish Tax Collector bills and collects taxes for the district.

NET PATIENT SERVICE REVENUE AND RELATED RECEIVABLE

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered.

The district provides care to patients even though they may lack adequate insurance or may be covered under contractual arrangements that do not pay full charges. As a result, the district is exposed to certain credit risks. The district manages such risk by regularly reviewing it's accounts and contracts, and by providing appropriate allowances.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a timely basis. Management estimates the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts is maintained at an amount which presents accounts receivable at their realizable value. Receivables are written off against the allowance for doubtful accounts in the year the accounts are determined to be uncollectible.

COMPENSATED ABSENCES

Compensated absences (vacation leave and sick pay) are accounted for in accordance with GASB Statement No. 16.

Vacation and sick leave are determined by length of service for full-time employees as follows:

1 year completed	1 week vacation and 1 week sick leave
2-4 years	2 weeks vacation and 2 week sick leave
5 years or more	3 weeks vacation and 3 weeks sick leave

Vacation leave must be used within the next twelve months or it is forfeited. Sick leave can be banked up to 160 hours. Sick leave in excess of 160 hours is paid to employees on their anniversary date. Sick leave is paid to employees upon termination of employment.

The liability for compensated absences is recorded on the district's Statement of Net Assets.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ASSETS LIMITED AS TO USE

Assets limited as to use (if any) primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Commissioners for employee benefits and future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes. The district had no assets limited as to use at December 31, 2011 and December 31, 2010.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

COSTS OF BORROWING

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Interest earned on these same borrowed funds, before the funds are spent on the construction of the capital assets, is also capitalized.

NON-DIRECT RESPONSE ADVERTISING

The District expenses advertising costs as incurred

FAIR VALUES OF FINANCIAL INSTRUMENTS

The district applies the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*. See Note M for details on fair values used for the district's assets and liabilities.

PREPAID ITEMS

Insurance payments made to insurance agencies that will benefit periods beyond the current period are recorded as prepaid items.

OPERATING REVENUES AND EXPENSES

The District's statements of revenues, expenses and changes in net assets distinguish between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing ambulance services, the district's principal activity. Non-exchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide ambulance services, other than financing costs.

NET PATIENT SERVICE REVENUE

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE B

CASH AND INVESTMENTS

CASH AND CASH EQUIVALENTS

State law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

At December 31, 2011 and 2010, the carrying amount of the ambulance district's cash was \$2,487,120 and \$2,430,744, respectively, and the bank balance was \$2,536,051 and \$2,491,051, respectively. At December 31, 2011 and December 31, 2010 all deposits were fully secured from risk by federal deposit insurance or by pledged securities held by the District's third party agent in the district's name. Cash and cash equivalents are stated at cost, plus accrued interest, which approximates market. The carrying amounts for cash and cash equivalents at December 31, 2011 and December 31, 2010 respectively, are as follows:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Noninterest-bearing demand deposits	\$ -	\$ -
Interest-bearing demand deposits	53,998	46,253
Moneymarket accounts	2,433,122	2,384,491
Certificates of deposits	-	-
	<u>\$ 2,487,120</u>	<u>\$ 2,430,744</u>

CASH AND INVESTMENTS

GASB Statement No. 40, which amended GASB Statement No. 3, only requires disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either:

- 1) uninsured and uncollateralized,
- 2) uninsured and collateralized with securities held by the pledging financial institution or
- 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name

At December 31, 2011 and December 31, 2010, the Ambulance District had no deposits that were required to be reported in any of the three categories listed above. This includes both Cash and Cash Equivalents (above) and Certificates of Deposit reported as Investments.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

INVESTMENTS

Investments are stated at fair value. The district accounts for its investments in accordance with GASB Statement 31. This statement requires investments to be carried at fair value. Fair value has been determined at the last reported sales price on a national exchange.

Investments at December 31, 2011 are as follows:

Investments at December 31, 2014 are as follows:					
	<u>Investment Maturities</u>			<u>Carrying</u>	<u>Fair</u>
	<u>(in Years)</u>			<u>Amount</u>	<u>Value</u>
	Less than				
	<u>1</u>	<u>1-5</u>	<u>6-10</u>		
<u>Type of Investment</u>					
Certificates of Deposits	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
Governmental Mutual Fund	<u>236,531</u>	<u> </u>	<u> </u>	<u>236,531</u>	<u>236,531</u>
TOTAL	<u>\$236,531</u>	<u> </u>	<u> </u>	<u>\$236,531</u>	<u>\$236,531</u>

Investments at December 31, 2010 are as follows:

Type of Investment	Investment Maturities (in Years)			Carrying Amount	Fair Value
	Less than				
	<u>1</u>	<u>1-5</u>	<u>6-10</u>		
Certificates of Deposits	\$		\$	\$	\$
Governmental Mutual Fund	<u>223,991</u>			<u>223,991</u>	<u>223,991</u>
TOTAL	<u>\$223,991</u>	\$	\$	<u>\$223,991</u>	<u>\$223,991</u>

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

NOTES TO FINANCIAL STATEMENTS

(continued)

CONCENTRATION OF CREDIT RISK

The District places no limit on the amount it may invest in any one issuer. Issuers comprising more than 5 percent of the District's investments at December 31, 2011 and December 31, 2010 are as follows:

<u>ISSUER</u>	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Certificates of Deposit	-	-
Mutual Fund U.S. Govt.	100 %	100 %

INTEREST RATE RISK

The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. All of the district's investments have maturities of less than one year.

CREDIT RISK

As of December 31, 2011 and December 31, 2010 all of the District's investments were entirely insured or collateralized by investments held by the District's third party agent in the District's name.

At December 31, 2011 and December 31, 2010 all Certificates of Deposit amounts classified as investments were fully secured from risk by federal deposit insurance or by securities pledged and held by the District's third party agent in the district's name.

The district has no formal policy regarding credit risk. The district follows the Louisiana Revised Statutes when investing idle funds.

NOTE C

CAPITAL ASSETS

PROPERTY, PLANT AND EQUIPMENT

A summary of property and equipment at December 31, 2011 and 2010 is as follows:

	<u>Estimated life in years</u>	<u>December 31, 2011</u>	<u>2010</u>
Land	---	\$ 112,600	\$ ---
Buildings	15-39	576,681	495,955
Vehicles (Ambulances)	5	662,355	466,287
Furniture and Equipment			
Furniture and Fixtures	5-8	155,102	141,720
Medical Equipment	5-8	397,391	346,848
Communication Equipment	5-8	112,746	111,545
Other Equipment	5-8	<u>100,079</u>	<u>99,081</u>
		2,116,954	1,661,436
Accumulated Depreciation		<u>1,047,913</u>	<u>998,317</u>
		<u>\$1,069,041</u>	<u>\$ 663,119</u>

Depreciation expense charged to operations for the years ended December 31, 2011 and 2010 were \$171,500 and \$146,840 respectively.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE C

CAPITAL ASSETS

PROPERTY, PLANT AND EQUIPMENT (continued)

The following changes occurred in the property and equipment account:

	Balance December 31 <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31 <u>2011</u>
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ ---	\$ 112,600	\$ ---	\$ 112,600
Total Assets Not Being Depreciated	---	112,600	---	112,600
Capital Assets, Being Depreciated:				
Buildings	\$ 495,955	\$ 80,726	\$ ---	\$ 576,681
Vehicles (Ambulances)	466,287	348,435	152,367	662,355
Furniture and Equipment	141,720	13,382	---	155,102
Medical Equipment	346,848	50,543	---	397,391
Communication Equipment	111,545	1,201	---	112,746
Other Equipment	99,081	998	---	100,079
Total Capital Assets Being Depreciated	\$ 1,661,436	495,285	152,367	\$2,004,354
Less Accumulated Depreciation For:				
Buildings	\$ 225,655	\$ 19,691	\$ ---	245,346
Vehicles (Ambulances)	244,907	95,533	121,904	218,536
Furniture and Equipment	125,922	5,996	---	131,918
Medical Equipment	257,147	35,995	---	293,142
Communication Equipment	74,317	8,436	---	82,753
Other Equipment	70,369	5,849	---	76,218
Total Accumulated Depreciation	998,317	171,500	121,904	1,047,913
Total Capital Assets Being Depreciated, Net	663,119	323,785	30,463	956,441
Total Capital Assets, Net	\$ 663,119	\$ 436,385	30,463	\$ 1,069,041

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

NOTE C

CAPITAL ASSETS

PROPERTY, PLANT AND EQUIPMENT (continued)

	Balance December 31 <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31 <u>2010</u>
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ ---	\$ ---	\$ ---	\$ ---
Total Assets Not Being Depreciated	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Capital Assets, Being Depreciated:				
Buildings	\$ 509,567	\$ 19,551	33,163	\$ 495,955
Vehicles (Ambulances)	466,287	---	---	466,287
Furniture and Equipment	134,331	7,389	---	141,720
Medical Equipment	339,744	7,104	---	346,848
Communication Equipment	106,223	5,322	---	111,545
Other Equipment	<u>94,026</u>	<u>5,055</u>	<u>---</u>	<u>99,081</u>
Total Capital Assets Being Depreciated	<u>\$ 1,650,178</u>	<u>44,421</u>	<u>33,163</u>	<u>\$ 1,661,436</u>
Less Accumulated Depreciation For:				
Buildings	\$ 235,561	\$ 23,257	\$ 33,163	\$ 225,655
Vehicles (Ambulances)	182,419	62,488	---	244,907
Furniture and Equipment	120,712	5,210	---	125,922
Medical Equipment	217,214	39,933	---	257,147
Communication Equipment	65,840	8,477	---	74,317
Other Equipment	<u>62,894</u>	<u>7,475</u>	<u>---</u>	<u>70,369</u>
Total Accumulated Depreciation	<u>884,640</u>	<u>146,840</u>	<u>33,163</u>	<u>998,317</u>
Total Capital Assets Being Depreciated, Net	<u>765,538</u>	<u>(102,419)</u>	<u>---</u>	<u>663,119</u>
Total Capital Assets, Net	<u>\$ 765,538</u>	<u>\$(102,419)</u>	<u>\$ ---</u>	<u>\$ 663,119</u>

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE D

PENSION PLAN

During 1991 the district established a plan under Section 408K of the Internal Revenue Code. Employees are automatically enrolled in the SEP (Small Employer Pension) or 408 (k) type plan after three (3) years of continuous full-time service. Lafourche Ambulance District's contribution rate will be set by the Board of Commissioners annually. The rate will be based on the employees gross earnings. The employee is allowed to contribute an amount up to, but not to exceed, fifteen (15%) percent of his/her gross earnings when combined with the employer's contribution. Employee contributions are allowed after one year of full-time service. Employees are 100% vested at the time of their enrollment. The plan does not issue a stand-alone report.

SPECIFIC PROVISIONS

1. Full-time employees are eligible upon completion of three (3) years of uninterrupted service. Leave of absence or other non-paid leave does not count toward accumulation of seniority.
2. Employee contributions will be calculated on a percentage of the employee's gross earnings on a pre-taxed basis.
3. Contributions will begin the month following the employee's third anniversary date.
4. Other regulations governing options such as premature withdrawals and changes in contribution rates, etc. are specified in the original contract.
5. The employer's contribution rate was five (5) percent of gross wages of qualifying employees for 2011, 2010 and 2009.
6. Other than its contribution made to the participants' accounts and recorded as expenditures, the district does not guarantee benefits under the plan.
7. All amounts are maintained in each individual's account administered by an insurance company.

The total payroll for the year 2011 was \$1,463,113 of which \$885,880 was covered by the plan. For 2011, the district's contribution was \$44,294 (5% of covered payroll). Employee contributions to the plan amounted to \$46,060 for 2011.

The total payroll for the year 2010 was \$1,350,990 of which \$998,560 was covered by the plan. For 2010, the district's contribution was \$49,928 (5% of covered payroll). Employee contributions to the plan amounted to \$46,712 for 2010.

The total payroll for the year 2009 was \$1,194,342 of which \$890,480 was covered by the plan. For 2009, the district's contribution was \$44,524 (5% of covered payroll). Employee contributions to the plan amounted to \$48,636 for 2009.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE E

COOPERATIVE ENDEAVOR AGREEMENTS

During the year the Ambulance District was party to a Cooperative Endeavor Agreement with Fire Protection District No. 3 of Lafourche Parish. The Fire District provides communication services, including dispatching of calls, on a twenty-four hour a day basis, seven days a week for the Ambulance District at a fee of \$2,848 per month for the first two months and then \$2,991 for the last ten months of the year.

The Ambulance District was party to a Cooperative Endeavor Agreement with the Tenth Ward Veterans Memorial District to provide professional services to staff the Veterans District with drivers along with supervision and appropriate liability coverage for these drivers. The Veterans District reimburses the Ambulance District for all cost associated with providing this service including wages, payroll taxes, disability insurance, health insurance and any other cost plus an administrative fee of \$500 per month.

NOTE F

POST EMPLOYMENT BENEFITS

The Ambulance District has no Post Employment Benefits.

NOTE G

PER DIEM PAID BOARD MEMBERS

Per diem payments are presented on Schedule I

No per diem was paid to members of the Board of Commissioners for the year ended December 31, 2011 and December 31, 2010.

NOTE H

BUSINESS AND CREDIT CONCENTRATIONS

The District grants credit to patients, substantially all of who are local residents. The district generally does not require collateral or other security extending credit to patients; however, it routinely obtains assignments of (or is otherwise entitled to receive) patients' benefits payable under health insurance programs, plans or policies (e.g., Medicare, Medicaid, Blue Cross and commercial insurance policies).

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE I

CONTINGENCIES AND RISK MANAGEMENT

LITIGATION

The district is a defendant in various lawsuits. In the opinion of legal counsel for the district, the liability, if any would not exceed insurance coverage.

RISK MANAGEMENT

The District is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

LAWS AND REGULATIONS

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments; compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicare fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in exclusion from government healthcare program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the District is subject to similar regulatory reviews, management believes the District is not the subject of any investigation at this time, and the outcome of any such regulatory review will not have a material adverse effect on the District's financial position.

NOTE J

CAPITALIZED INTEREST

For the years ended December 31, 2011 and 2010 the district had \$0 interest to capitalize.

NOTE K

SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 6, 2012, and determined that no events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE L

NET PATIENT SERVICE REVENUE AND RECEIVABLES

Presented below is a summary of net patient service revenues and receivables for the years ended December 31, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Gross Patient Service Revenue	\$ 2,878,309	\$ 3,211,658
Less: Provision for Bad Debts	<u>(1,614,057)</u>	<u>(1,858,788)</u>
Net Patient Service Revenue	<u>\$ 1,264,252</u>	<u>\$ 1,352,870</u>
	<u>2011</u>	<u>2010</u>
Patient Accounts Receivables	\$ 782,749	\$ 1,086,341
Less Allowance for Doubtful Accounts	<u>(588,323)</u>	<u>(820,473)</u>
Net Patient Accounts Receivables	<u>\$ 194,426</u>	<u>\$ 265,868</u>

NOTE M

FAIR VALUE MEASUREMENTS

The district applies the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*. FASB ASC 820 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the inputs used to develop those assumptions and measure of fair value. The hierarchy requires the district to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing methods, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE M

FAIR VALUE MEASUREMENTS (continued)

The following methods and assumptions were used by the district in estimating fair value of financial instruments disclosed herein:

Cash and cash equivalents – The carrying amount of cash and short-term instruments approximate their fair value.

Investments – Fair values, which are the amounts reported in the balance sheet, are based on quoted market prices for similar securities. Mutual Funds are valued at the net asset value (NAV) of shares held at year end.

Accounts receivables, other current assets, accounts payable and other current liabilities – The carrying amount approximates fair value due to the short term nature of these accounts.

SUPPLEMENTARY INFORMATION

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

**SCHEDULE I
SCHEDULE OF PER DIEMS PAID COMMISSIONERS
For the year ended December 31, 2011**

No per diems were paid to commissioners

OTHER REPORTS

A PROFESSIONAL CORPORATION

P.O. Box 965

LAROSE, LA 70373

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Ambulance Service District No. 1
of Lafourche Parish

I have audited the financial statements of the business-type activities of **AMBULANCE SERVICE DISTRICT NO. 1 of LAFOURCHE PARISH**, component unit of Lafourche Parish, as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Ambulance District's basic financial statements and have issued my report thereon dated May 6, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audits, I considered **AMBULANCE SERVICE DISTRICT NO. 1 of LAFOURCHE PARISH's** internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **AMBULANCE SERVICE DISTRICT NO. 1 OF LAFOURCHE PARISH's** internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the **AMBULANCE SERVICE DISTRICT NO. 1 OF LAFOURCHE PARISH'S** internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, I identified a certain deficiency in internal control over financial reporting that I consider to be a material weakness and another deficiency that I consider to be a significant deficiency.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

(continued)

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and responses as item 2011-1 to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in the accompanying schedule of findings and responses as item 2011-2 to be a significant deficiency.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether **AMBULANCE SERVICE DISTRICT NO. 1 of LAFOURCHE PARISH's** financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

AMBULANCE SERVICE DISTRICT NO. 1 of LAFOURCHE PARISH's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. I did not audit **AMBULANCE SERVICE DISTRICT NO. 1 of LAFOURCHE PARISH's** response and, accordingly, I express no opinion on it.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

(continued)

This report is intended solely for the information and use of the Board of Commissioners, management, federal and state awarding agencies and pass-through agencies and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Aldon G. Wahl, Jr.
Certified Public Accountant

May 6, 2012

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

I have audited the financial statements of the business-type activities of the Ambulance District No. 1 of Lafourche Parish as of and for the year ended December 31, 2011, and have issued my report thereon dated May 6, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2011 resulted in an unqualified opinion.

SECTION I – SUMMARY OF AUDITOR’S REPORTS

A) Report on Internal Control and Compliance material to the Financial Statements:

Internal control:

Material Weakness – YES

Significant Deficiencies - YES

Other Conditions - NO

Compliance:

Noncompliance Material to the Financial Statements – NO

B) Federal Awards

The Ambulance District received no federal awards for the year ended December 31, 2011.

SECTION II FINANCIAL STATEMENT FINDINGS

2011-01 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The District’s internal control over financial reporting includes those policies and procedures that pertain to the District’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

(continued)

SECTION II FINANCIAL STATEMENT FINDINGS (continued)

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control. The district has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected. This condition represents a material weakness in the district's internal control system.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

MANAGEMENT'S RESPONSE: Management is aware and believes it is not feasible due to its size.

2011-02 – Application of GAAP (generally accepted accounting principles)

CONDITION: Management and staff lack the training and expertise in the selection and application of GAAP in the financial statement preparation process.

CRITERIA: AU §325.29 identifies, as a deficiency in the design of (internal) controls, employees or management who lack the qualifications and training to fulfill their assigned functions. For example, in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording financial transactions or preparing its financial statements.

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

(continued)

2011-02 – Application of GAAP (generally accepted accounting principles) (continued)

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control. Personnel do not have sufficient financial expertise to prepare the financial statements without some technical assistance in applying accounting principles that are in conformity with GAAP.

EFFECT: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: No recommendation forwarded. The additional cost required to achieve the desired benefit may not be economically feasible.

MANAGEMENT'S RESPONSE: The District has evaluated the cost/benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and has determined that it is in the best interest of the District to outsource this task to its independent auditors and will review, approve, and accept responsibility for the content and presentation of the statements and related notes prior to issuance.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

SECTION IV MANAGEMENT LETTER

A management letter was not issued in connection with the audit for the year ended December 31, 2011.

REPORTS BY MANAGEMENT

**AMBULANCE SERVICE DISTRICT NO. 1
OF LAFOURCHE PARISH**

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011**

**SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

Finding 2010-01. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Unresolved. See 2011-01

Finding 2010-02. Inadequate controls over preparation of the financial statements.

Unresolved. See 2011-02

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS**

Ambulance Service District No. 1 did not receive federal awards during the year ended December 31, 2010.

SECTION III MANAGEMENT LETTER

A management letter was not issued in connection with the audit for the year ended December 31, 2010.

AMBULANCE SERVICE DISTRICT NO. 1

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2011

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

<u>Ref No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
2011-01	Inadequate segregation of accounting functions. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.	No corrective action is planned. Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	Deborah G. Gautreaux	N/A
2011-02	Management and staff lack the training and expertise in selection and application of GAAP in the financial statement preparation process.	The district has evaluated the cost/benefit of establishing <i>internal controls</i> over the preparation of financial statements in accordance with GAAP and has determined that it is in the best interest of the district to outsource this task to its independent auditors and will review, approve, and accept responsibility for the content and presentation of the statements and related notes prior to issuance.	Deborah G. Gautreaux	N/A

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Ambulance Service District No. 1 did not receive federal awards during the year ended December 31, 2011.

SECTION III MANAGEMENT LETTER

A management letter was not issued in connection with the audit for the year ended December 31, 2011.